

Volume 45

December 1991

PLEASE RETURN

New Substantial Improvement Policy

Under National Flood Insurance Program (NFIP) floodplain management regulations, the definition of "substantial improvement" does not indicate whether it is

"cumulative." Nor does the definition refer to a specific time period. Community officials, however, must take "phased" improvements into account.

Some communities have indicated to FEMA that they find it difficult to enforce substantial improvement when a single

(continued on page 2)



Billings Gazette photo by J. Mark Kegans

Flooding on Grand Avenue in Billings, June 21, 1991.

Upcoming Workshops

The Floodplain Management Section plans to hold a number of "public awareness workshops" and "floodplain administrator workshops" in the near future.

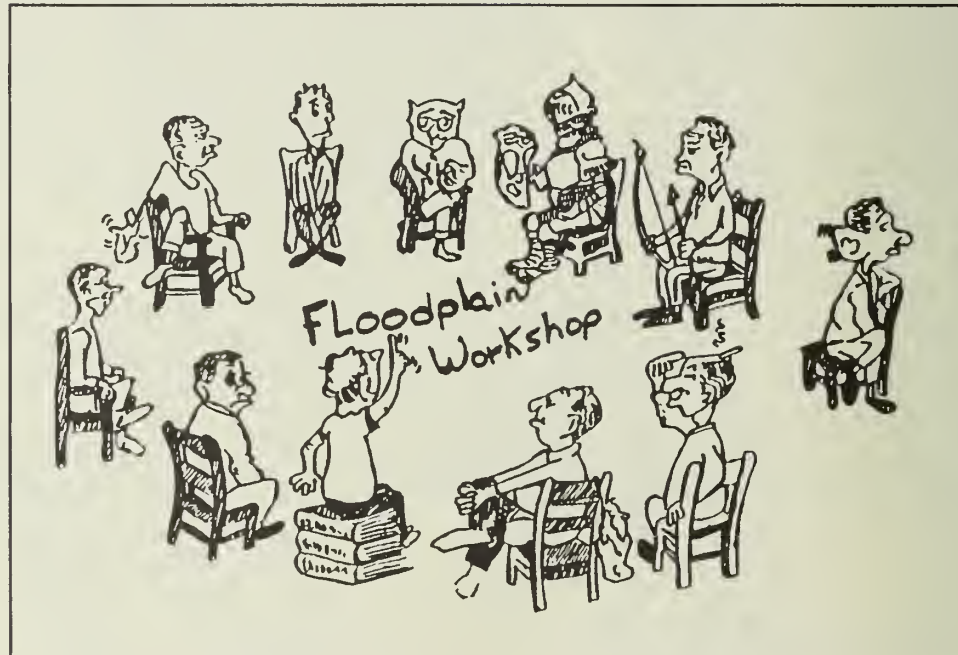
The public awareness workshops are geared toward a varied audience. The following topics are only a few of those that will be covered at the workshops:

- National Flood Insurance Program background
- Montana Floodplain and Floodway Management Act
- Map reading and interpretation
- Floodplain development regulations
- Community Rating System
- Developments in violation of regulations and the consequences
- Insurance availability and aspects
- Lender requirements

These workshops are being held to expand public awareness of floodplains and their regulations and to educate the public about flooding danger.

The floodplain administrators workshops also will be held in the near future. These workshops are intended to educate the floodplain administrators of current responsibilities and to help set up effective management programs for their communities.

Specific workshop dates, times, and locations have not been set. When final arrangements have been made, I will notify as many people as I can through this newsletter, the newspapers, etc.



(Substantial improvement, continued)

improvement is made through granting multiple building permits over a relatively short time of one to two years. The problems usually involve building owners or contractors who either unknowingly or deliberately submit multiple permits for a single improvement of a pre-firm structure that results in circumvention of the substantial improvement requirement. The substantial improvement requirement applies to the **entire improvement**, not just to the individual permit per se.

Over a relatively short one- to two-period year, an individual typically sub-

mits two or more permit applications, each of which constitutes less than 49 percent of a structure's pre-improvement market value. In some cases, this action is premeditated on the permittee's part to divide a single, integrated and **substantial improvement** into phases. This produces a structure that has been substantially improved, sometimes far exceeding 50 percent of its market value, and one that has been neither elevated nor floodproofed (if non-residential). If this occurs and if the structure has not been elevated (or floodproofed if non-residential) to or above the base flood elevation, or if a variance that meets all criteria un-

der 44 CFR, 60.6(a) has not been granted, the structure is considered to be **in violation of NFIP criteria**. The substantial improvement definition refers specifically to improvement, not the permit (i.e., improvement of a structure). As previously emphasized, the cost for the purpose of comparison to market value refers to "the cost of improvements" in total, not the separate cost of phased permits.

If this proves to be a problem, or if it is not addressed in a community's ordinance, a community can take several precautions to prevent unintentional or

(continued on page 3)

(Substantial improvement, continued)

deliberate division of building permits to circumvent NFIP regulations that cover substantial improvements.

During the initial permit review, a building official must determine whether additional improvements will be necessary to fully complete the improvement. If they are, the building official should notify the permittee that further work under subsequent permits to fully complete the improvement would be added to the cost of the first permit to determine substantial improvement. If the sum of all permits equals or exceeds 50 percent of the structure's market value, it would be considered a substantial improvement.

The permittee then should be advised to resubmit plans and costs for the entire improvement and redesign for elevation to or above the base flood elevation.

In reviewing successive building permits for single structures, the building official should evaluate the permits' functional and logical relationships. For example, if the scope of the first permit calls for construction of an unfinished addition to a residential structure (i.e., supporting structural components and exterior), and the second permit submitted perhaps six months later calls for finishing the interior (i.e., wallboard, electrical work, etc.), these two permits constitute one improvement for NFIP purposes. If the cost of

these two permits equals or exceeds 50 percent of the structure's market value prior to the first improvement, the structure is considered a substantial improvement. It is important to realize that many exceptions and peculiarities will arise when trying to determine whether building permits unknowingly are being divided or premeditatedly "phased" to evade substantial improvement. In these instances, a local building official will have to use his or her experience and professional judgment to determine whether two or more permits constitute a single improvement.

Source: Georgia Floodplain Management Newsletter, August 1991

\$ \$ \$ Savings \$ \$ \$—Effective October 1, 1991

Eight communities in Montana applied for the Community Rating System (CRS) during its first year in existence. All of these communities received a rating of at least a class 9. This class 9 rating went into effect October 1, 1991, resulting in a 5 percent discount on any new or renewed flood insurance policies within those communities. According to the most recent policy data, the discount saved these communities the amounts shown in the table.

For communities that were verified as class 8 or better, the savings will be even greater, with an additional 5 percent discount given for each class step. These higher-discounted classifications will become effective October 1, 1992.

The CRS is a measure through which communities can benefit their policyholders by reducing the high cost of flood insurance. Therefore, my goal is for every community in Montana to become

involved in the CRS program. Since this is a way to save Montanans money, let's work together and get the job done. If you would like to know whether your community is participating in the CRS, please call Karl Christians at 444-6654. I encourage

you to become interested in having your community enrolled into the CRS by contacting either your local floodplain administrator or me. The deadline for submitting applications has already passed, but now is the time to start thinking about next year.

COMMUNITIES	TOTAL PAID IN PREMIUMS	TOTAL SAVINGS
BELT	\$ 8,795	\$ 440
CASCADE COUNTY	45,163	2,258
CIRCLE	267	13
GREAT FALLS	47,698	2,385
LEWIS & CLARK COUNTY	8,654	433
MILES CITY	35,866	1,793
MISSOULA	14,582	729
MISSOULA COUNTY	17,852	893
TOTALS	\$178,877	\$ 8,944

map update corner

map update corner

Map Amendment/Revision Update

With an October 12, 1991 effective date, a Letter of Map Revision (LOMR) has been issued for an area located in Missoula County, Montana, and incorporated areas. This area, referred to as the Zipperian property, is located along Pattee Creek to the south of 39th Street between Country Club Lane and Upper Miller Creek Road. The current Flood Insurance Rate Map (FIRM) panel is 30063C1460 D.

Because of funding constraints, neither the LOMR nor a revised FIRM panel will be published and distributed to primary map users such as local insurance agents and mortgage lenders. If you are interested in receiving a photocopy of the FIRM's revised portion, please call Karl Christians (444-6654) or the Missoula County floodplain administrator for assistance.

New Fax Number

The Department of Natural Resources and Conservation recently acquired a new telefax machine. Effective immediately, the new number is (406) 444-0533. Please make sure that your records reflect this change.

Floodplain Management Section Staff:

Karl Christians, Community
Assistance Program Manager

Phone: (406) 444-6646

Volume 45

December 1991



**Floodplain Management Section
Montana Department of Natural
Resources and Conservation
1520 East Sixth Avenue
Helena, MT 59620-2301**